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Changes in Employment in Manufacturing Industries in New York State, 1947-1956

MOST PEOPLE are aware in a general way of the changing character of manufacturing activities in the state and nation since the end of World War II. They realize that there was the catching up period after the end of the war and that since then the advent of new products and federal defense spending have altered opportunities for jobs. But few people realize the extent to which shifts in the demands for products have affected the lives of thousands of factory workers. An indication of the nature and extent of such changes is provided by the employment statistics as reported by employers and compiled by the Division of Employment of the New York State Department of Labor. The following tables* show the number of jobs in industries having major changes in growth or decline that have taken place in roughly the past decade. These data reflect indirectly the shifting demands for the products, new technologies, different methods of production, and other factors associated with a dynamic economy. They also help to explain why there has often been considerable unemployment among factory workers when general business conditions have been good.

***Table I.* Growth Industries**

Those Showing an Increase in Employment of 500 or More, 1947–1957, by Amount of Increase.

Ind. No.	*Title*	*Increase 1947–57*	*Percent Change 1947–57*
	Increase of 10,000 or more		
Durable Goods			
1941	Sighting and fire control equip.	16,492	941
3571	Computing mach. and cash registers	15,258	130
3661	Radio, TV, and detection apparatus	29,949	102
3721	Aircraft	29,041	224
3811	Lab., scien. and engin. instruments	16,715	204
		107,455	
Nondurable Goods			
None			
	Increase of 5,000 to 9,999		
Durable Goods			
3599	Machinery and parts, ex. elec.	8,738	113
3662	Radio tubes	5,676	769
3714	Motor vehicle parts and access.	5,281	21
3729	Aircraft parts and equipment	8,630	267
		28,325	
	Increase of 1,000 to 4,999		
Durable Goods			
3423	Hand tools	1,051	35
3441	Fabricated structural steel	3,861	51
3442	Metal doors, sash, frames, trim	3,941	97
3443	Fabricated plate (boiler shops)	1,096	29
3444	Sheet metal work	1,839	60
3462	Automobile stampings	2,286	64
3468	Electroplating, plating, and polishing	1,614	40
3489	Wirework	1,451	38
3519	Internal combustion engines	1,808	52
3543	Machine-tool accessories	2,610	34
3585	Refrig. and air conditioning	3,781	62
3593	Ball and roller bearings	1,206	38
3611	Elec. measuring instruments	1,980	22
3614	Motors and generators	3,759	10
3619	Elec. transmiss. and dist. equip.	1,557	93
3641	Elec. equip. for motor vehicles	2,706	39
3712	Passenger car bodies	2,238	1622
3722	Aircraft engines and parts	4,867	199
3861	Photo. equip. and supplies	1,314	3
		44,965	
Nondurable Goods			
2711	Newspapers	4,978	14
2721	Periodicals	2,890	14
2761	Lithographing	1,553	14
2781	Bookbinding	1,581	22
2791	Typesetting	1 040	28
2823	Plastic materials and elastomers	4,218	116
2833	Inorganic and org. medic. chems.	3,392	327
2834	Pharmaceutical preparations	2,043	15
2899	Chemicals and chem. products	1,543	68
		23,238	
	Increase of 500 to 999		
Durable Goods			
3463	Stamped and pressed metal	713	7
3499	Fabricated metal products	622	48
3541	Machine tools, metal forming	723	14
3563	Conveyors and equipment	639	58
3583	Sewing machines	585	92
3612	Power, dist., & spec. transformers	533	25
3613	Switchgear and switchboard apparatus	826	48
3621	Electrical appliances	654	31
3693	X-ray and therapeutic apparatus	745	40
		6,040	
Nondurable Goods			
2741	Miscellaneous publishing	885	27

Table I brings out several significant facts:

1. Nearly half of the total increase in jobs represented by the industries covered occurred in a small group of five industries each of which, although not exclusively, reflects federal procurement for defense. Precise infor-

*These tables were prepared initially for the information of the Joint Legislative Committee on the State's Economy by the staff of the Division of Employment, New York State Department of Labor. Permission to print the tables here is gratefully acknowledged.

—EDITOR

mation is not available to show to what extent the products of these industries actually were divided among defense vs. other uses, but it is clear that the industries of the state have benefited considerably by the defense program.

2. The bulk of the increase in jobs (83 percent) has been in durable goods industries, especially those connected with aircraft, automobiles, and electrical communications and detection equipment.

3. The only nondurable industries that showed any considerable growth were in the printing and publishing and chemical groups. Growth in these two groups reflects, in the case of printing, an increased demand for newspapers, books, and periodicals. In the chemical group the bulk of the expansion took place in concerns making medicinal drugs and pharmaceuticals and in those producing plastics.

4. Past growth as measured by net change during the postwar period is, of course, not in all cases a reliable guide to future expansions in job openings. Some industries, e.g., automobile stampings, aircraft and aircraft parts, showed declines in employment even before the recent recession, which began in the late summer of 1957. In other industries the growth trend seems to have leveled off, e.g., sighting and fire control equipment, refrigerating and airconditioning equipment, motor vehicle parts and accessories, and photographic equipment and supplies. In most of the others listed in the table, past trends suggest the possibility of continued growth. Each of these potential growth industries should be studied in view of the potential future demand for its product before coming to definite conclusions.

Table II. Declining Industries

Those Showing a Decline in Employment of 1,000 or More, 1947–1956, by Amount of Decline.

Ind. No.	*Title*	*Decline 1947–56*	*Percent Change 1947–56*
	Decline of 10,000 or more		
Durable Goods			
None			
Nondurable Goods			
2271	Wool carpets, rugs, and cotton yarn	10,093	60.7
2311	Men's and boys' suits and coats	11,388	24.7
2333	Women's and misses' dresses	11,092	12.6
	Decline of 5,000 to 9,999		
Durable Goods			
3731	Shipbuilding and repairing	9,692	54.6
Nondurable Goods			
2337	Women's and misses' coats, suits	8,523	16.8
2371	Fur goods	6,256	41.2
3141	Footwear, ex. house slippers & rubber	9,576	27.3
	Decline of 3,000 to 4,999		
Durable Goods			
3522	Agricultural mach., ex. tractors	4,899	73.2
3551	Food products machinery	3,054	43.2
3616	Switchgear, switchboard apparatus	3,485	41.2
3664	Telephone and telegraph equipment	3,179	90.2
3711	Motor vehicles	3,262	37.7
3831	Optical instruments and lenses	3,289	29.6
Nondurable Goods			
2033	Canning fruit and vegetables	3,065	22.2
2231	Broad woven fabrics, ex. wool	4,717	71.6
2232	Broad woven fabrics (wool)	4,030	53.3
2254	Knit underwear	3,490	47.4
2893	Perfumes, cosmetics, and toiletries	3,124	32.7
	Decline of 2,000 to 2,999		
Durable Goods			
3321	Gray iron foundaries	2,268	30.8
3421	Cutlery	2,804	51.6
3559	Special industrial machinery	2,572	37.5
3741	Locomotives and parts	2,098	36.4
3914	Silverware and plated ware	2,088	32.0
Nondurable Goods			
2052	Biscuit, crackers, and pretzels	2,842	35.3
2071	Candy and confectionery products	2,219	21.3
2261	Dying and finishing	2,063	21.6
2321	Men's and boys' shirts, nightwear	2,374	17.5
2327	Men's and boys' separate trousers	2,924	40.3
2351	Millinery	2,206	14.8
2381	Dress gloves	2,560	47.7
2398	Embroideries	2,823	32.6
2831	Biological products	2,369	97.3
3151	Dress gloves (leather)	2,400	36.3
	Decline of 1,000 to 1,999		
Durable Goods			
1951	Small arms	1,309	24.9
2411	Logging camps and contractors	1,033	42.2
3429	Hardware	1,608	25.1
3439	Heating and cooking apparatus	1,114	13.3
3561	Pumps, air and gas compressors	1,422	21.4
3581	Domestic laundry equipment	1,558	51.7
3582	Commercial laundry	1,528	42.1
3843	Dental equipment and supplies	1,268	32.1
Nondurable Goods			
2082	Malt liquors	1,281	9.7
2097	Manufacturing ice	1,468	55.7
2121	Cigars	1,107	57.9
2221	Yarn mills	1,046	29.4
2281	Fur felt hats and hat bodies	1,165	78.6
2822	Intermediates, dyes, color	1,020	22.3
2825	Synthetic fibers	1,969	67.2
3962	Feathers, plumes, and art. flowers	1,791	30.9
3992	Furs, dressed and dyed	1,807	49.5
3996	Tobacco pipes and cig. holders	1,026	82.2

An examination of Table II points up these facts:

1. The bulk of the decline in the number of available jobs has occurred in the nondurable goods industries, especially in clothing, footwear, textiles, and food. These industries, after the postwar boom, have felt the effects of declining markets because of the low birth rates of the 1930's and their effect on the composition of the adult population of the 1950's, changes in clothing styles, and, in the case of textiles, the shift of industries to other locations.

2. Technological changes have directly or indirectly seriously reduced jobs in some industries such as the manufacture of ice, locomotives, optical goods, and gray iron foundries.

3. Shifts in federal government spending for defense purposes have brought about declines in some industries such as the manufacture of small arms and shipbuilding.

The extent to which these trends can be expected to continue in the future depends obviously on the circumstances that affect the markets for the products produced. In the Volume IV, No. 2, issue of this publication several

brief analyses of the prospects for selected industries were presented. In the pages that follow similar analyses for additional industries have been summarized by graduate students at the School of Industrial and Labor Relations.

The Pulp, Paper and Paperboard Industry

by Andrew N. Alexander

FROM 1947 to 1956 the pulp, paper and paperboard industry has shown considerable growth on a national scale. Between 1949 and 1954 alone, paper industry sales grew 59 percent as compared with 47 percent for petroleum, 47 percent for chemicals, 29 percent for food, and 10 percent for textiles. With this growth, total employment in the paper industry in the United States increased over 20 percent from 1947 to 1954.

Despite this widespread national expansion, the pulp, paper and paperboard industry in New York State from 1947 to 1953 has shown a decline in employment of 20 percent in the pulp mills and a decrease of 4 percent in the paper and paperboard mills. During the same period the number of pulp mills decreased from 33 to 29, the number of paper and paperboard mills dropped from 104 to 92, and expenditures on new plants and equipment were 46.9 percent less for pulp manufacturing facilities and 16 percent less for paper and paperboard establishments than they were in 1947, despite increases in prices of these capital goods.

Pulp-mill employees in New York State worked a total of 18 percent fewer man-hours in 1954 than in 1947 and produced a value added by manufacturer of 8 percent less. In 1954 man-hours worked in paper and paperboard mills were 10.4 percent below their 1947 level and value added by manufacturing in these mills was 26 percent greater.[1] This increase in value added, however, can be accounted for mainly by a 34 percent increase in the wholesale price index of paper and paperboard products, i.e., from 95 in 1947 to 128 in 1954.

The extreme growth of the southern mills during this period stands in sharp contrast to that of their northern counterparts. A comparison of the two years, 1947 and 1954, shows that in the South Atlantic states, the number of establishments engaged in pulp, paper and paperboard production rose 24.4 percent, the number of employees grew 22.1 percent, and the number of man-hours worked increased 14.8 percent. Production of pulp, paper and paperboard in these states rose 78 percent.[2] Yearly expenditures on new plants and equipment more than doubled, i.e., an increase of 122.5 percent, reflecting the continued expansion of the industry in the South and also indicating that the proportion of paper and pulp which can be expected from the southern mills will continue to grow larger as these increased facilities are utilized.

As a basis of comparison, national growth during this period can be summarized as follows: the total number of pulp, paper and board manufacturing establishments in the United States grew only 4.6 percent; the number of employees increased 9.1 percent; and the number of man-hours worked increased by 1.1 percent. Capital expenditures for new plants and equipment showed the greatest percentage gain, i.e., 27.5 percent. Clearly, the southern states exceed this rate of expansion, and New York State drops far behind these percentages. Why is this so?

Conditions in the Southern States

In the midst of a growing economy and a growing population, the development of new markets and uses for paper products has stimulated the rapidly increasing demand for packaging paper and most forms of paperboard. To produce enough to supply this increasing demand, new plants had to be built, preferably in a location which would allow highly profitable operation. In this regard, the southern states seemed to offer the best combination of advantages.

In terms of supply of raw materials, southern pine is well suited to the manufacture of kraft paper and the other paper and board products most in demand. A great supply of pine exists in the South, and it has been made readily available to pulp producers. Through reforestation a large supply can be economically grown on otherwise "waste" land, and the southern pine grows more rapidly than the northern varieties. The proximity of the source of supply to the pulping operation is a distinct advantage in that highly expensive transportation and handling costs are avoided, and the cost per cord is approximately one third that of the cost in the North.

In addition, the South has generally welcomed expansion of industry and has made choice sites near an abundant supply of water available to pulp and paper companies. In some cases, tax advantages were allowed as a further stimulus to growth of industry. A large labor supply is also available and wage rates in the community when new plants were built were substantially below those of the North, although the differential is not so great now.

Once the location was chosen, new, modern plants incorporating the most up-to-date technological advances could be built near the extensive forest areas. Under these favorable circumstances, a high degree of integration became practicable. Pulp mills were built close to the source of raw materials and, with a minimum of handling and reprocessing, passed their pulp products on to the adjacent paper and board mills for continued processing on larger, faster operating, more efficient and productive machinery. Hence the benefits of nearness to

[1] A comparison of figures given in the U. S. Department of Commerce, Bureau of the Census, *1954 Census of Manufactures*, Vol. II, p. 26a–4 and the *1947 Census of Manufactures*, Vol. II, pp. 315–316.

[2] American Paper and Pulp Association, *The Statistics of Paper, 1957*, pp. 62–63.

a readily available source of raw materials, integration of operations, and technological improvements were all realized at the southern mills and contributed greatly both to the profitability of these operations and the consequent continued growth of the industry there.

Trends in New York State

In comparison with the rapid growth of the industry in the South, New York State's moderate gain of 4.9 percent in production of paper and paperboard and loss of 7 percent in production of woodpulp over the ten-year period 1947–1956[3] indicate that quite different conditions have prevailed in this state.

Demand for the products in which most New York State paper manufacturers specialize (i.e., cultural paper) has grown, but at the moderate rate of 2.48 percent per year.[4] The growth of cultural paper production is more closely connected to population increase and general business activity.

Much of the papermaking machinery in use in New York State is quite old and lacks many of the features of modern technology which contribute to higher productivity. This equipment produces smaller size rolls of paper, operates at slower speeds, and requires more man-hours of labor per ton. In addition, northern manufacturers have not grouped their machinery so as to reap the benefits of integrated operations. Nevertheless, the paper mills in New York are capable of producing a good quality product at a profit and hence they continue to be operated. Furthermore, the disadvantage of lower productivity per man-hour of operation is offset somewhat by the sustained demand for the product which has been sufficient to require an overtime work schedule.

When fluctuations in demand do occur, the most expedient method of adjusting to them is to lengthen or shorten the work week. This has the desired effect on production without additional expenditures for plant and equipment. It also has the effect of stabilizing the number of workers employed in the industry.

When the limits of a seven-day work week are reached, the industry must then rely on changes in technology to produce the additional output. As new technological developments are discovered, many are applied wherever possible to the existing, older production facilities. This has the effect of increasing production to meet increased demand without actually involving the expense of the construction of a new plant or requiring additions to the work force.

Limits are reached, however, beyond which it is practically impossible to extend the productivity of the basic machine. This may necessitate the expansion of facilities at the existing site or the construction of an entirely new operation. However, since the supply of raw materials in New York State is limited and importation of wood from Canada is extremely expensive (three times the cost of southern pine at southern mills,) it is likely that expansion will take place in areas closer to the source of raw materials, i.e., outside of New York State. Whenever this occurs, of course, an opportunity for growth of the industry within the state is lost, and employment in the pulp, paper and paperboard industry in New York State, at best, will remain constant or, if the whole operation is transferred, show a decline.

Another consequence of technological improvement is that labor-saving devices tend to eliminate jobs. Technological unemployment of this sort occurs with great frequency where old equipment with a large attendant work force is subject to continuous attempts at modification such as the adoption of the use of automatic controls.

Conclusion

From the above analysis, it would seem that in order to increase employment in the pulp, paper and paperboard industry in New York State, large-scale growth in number of establishments in the state will have to take place. With the relatively slow increase in demand for cultural paper, growth of the industry in the state will depend upon expansion into other types of paper and paperboard production where the projected rate of growth in demand is considerably higher and would support the large-scale production required to operate modern, integrated plants profitably.

At present, such growth is unlikely since an inexpensive source of pulpwood is not readily available. New processes are being developed, however, which will enable the industry to use hardwoods such as maple, oak, beech, birch, and aspen for the production of coarse paper and paperboard products and for nonpaper products such as the cellulose required for the manufacture of synthetic fibers. Since New York State has a plentiful supply of these hardwoods and is located advantageously close to major markets, the successful adoption of new techniques for using hardwoods may well reverse the trends in the declining employment in the pulp, paper and paperboard industry in New York State.

[3] *Ibid.*, pp. 11, 23.

[4] Smith, Barney and Company, *The Paper Industry Today*, 1956, p. 14, Table 3.

The Cigar Manufacturing Industry

by Richard U. Miller

EMPLOYMENT in the cigar manufacturing industry,[1] both in New York State and for the country as a whole, has been declining steadily for a long period of time. An analysis of the causes of this decline is presented in this article.

[1] The cigar industry, Standard Industrial Classification 2121, comprises establishments primarily engaged in the manufacture of cigars. It is a subgroup of the tobacco industry, Major Group 21. Other components of Group 21 are cigarettes (2111), chewing and smoking tobacco (2131), and tobacco stemming and redrying (2141).

Industry Characteristics

Like those of many other low-wage, light-manufacturing industries, the work force of the cigar manufacturing industry is largely composed of women and older workers. In 1955, 83 percent of the production workers engaged in the manufacture of cigars were women.[2]

Another significant characteristic of the industry is the prevalence of small companies. New York State, in 1955, had 25 percent of all the cigar factories in operation, yet accounted for only 2 percent of the total production of cigars in the United States.[3] Using number of employees as a criterion of size, fifty-seven of the eighty-five companies listed by the 1953 *Industrial Directory of New York State* employed fewer than ten workers.

New York State's cigar industry, ranking fifth in employment and production behind Pennsylvania, Florida, New Jersey, and Ohio, is concentrated primarily in New York City. Only 7 percent of the total number of cigar factories were outside the New York metropolitan area in 1953.[4]

The cigar industry was one of the last industries to become mechanized. Although modern high-speed machines are not uncommon, a large segment of the industry still manufactures cigars by hand. The Department of Labor, surveying the industry in 1955, determined that there were 3,074 hand workers out of 34,019 total production workers employed in the industry.[5]

Growth Trends

Employment. Employment in New York State's cigar manufacturing industry declined 57.9 percent between 1947 and 1956.[6] The table compares New York State's decline with that of the nation as a whole.

Production. New York's contribution to total domestic production of cigars was very small. In 1957, it accounted for only 2.6 percent of all United States production. In addition, the amount of cigars produced in New York State has decreased 16.4 percent from 1955 to 1957.[7]

***Table.* Number of Employees in the Cigar Manufacturing Industry, 1947–1956.**

	Total				*Change 1947–1956*	
Year	1947	1950	1954	1956	Amount	Percent
New York (a)	1,909	1,349	1,109	802	– 1,107	–57.9
United States (b)	47,200	41,200	39,900	34,500	–12,700	–26.9

Source: (a) New York State Department of Labor, Division of Employment in Adams, Table I-3; (b) U. S. Department of Labor, Bureau of Labor Statistics, *Employment and Earnings Annual Supplements*, 1948–1953, 1952, 1957.

As would be expected from the decline in employment over the past few years, the number of companies in operation is also gradually decreasing. The United States Treasury Department Internal Revenue Service lists a national decline of 1,179 companies between January 1, 1950 and January 1, 1958. New York State paralleled the national trend dropping from 455 companies in 1950 to 153 companies in 1958.

The *Census of Manufactures* for 1954 lists a total decline of 50.1 percent between 1947 and 1954 for the United States as a whole.[8] Thus, with an employment decline of only 18.2 percent, the large decrease in total companies caused the average number of employees per company to jump from 57 to 94.

Causes of Trends

One of the main factors responsible for the decline of cigar manufacturing arises out of a change in consumer smoking preferences from cigars to cigarettes. During the past eighteen years, per capita consumption of cigarettes has risen from 1,814 cigarettes per year to 3,449.[9] Per capita consumption of cigars, over the same period, fell from 56 per year to 52.[10]

Another factor contributing to the decline of cigar manufacturing is the increasing competitiveness of the industry. The survival of a firm seems to depend on two factors: its ability to cover a wide price range with many brands; and secondly, its ability to absorb increasing costs by utilizing efficient machinery and large-scale distribution. Since the small cigar makers, characteristic of New York State, do not have sufficient capital either to acquire expensive machinery or to manufacture a diversified product line, they can not compete and are squeezed out of the market.

Declining employment in the industry has resulted, however, not only from the "shaking out" or marginal companies, but also from the elimination of jobs through technological change. New processes and new machines enabled the industry to increase its productivity 45 percent between 1950 and 1957.[11] In one year alone, 1956–1957, output per man-hour rose 25 percent.[12]

Conclusions

The primary causes of the decline in employment in the cigar manufacturing industry nationally are threefold. First, changing consumer habits have greatly decreased

[2]U.S. Department of Labor, *Earnings in Cigar Manufacturing*, April 1955.

[3]Cigar Manufacturing Association, *CMA Statistical Record*, Exhibit 19, p. 10.520.

[4]*Industrial Directory of New York State*, 1953.

[5]*Earnings in Cigar Manufacturing*, April 1955.

[6]New York State Department of Labor, Division of Employment, see Leonard P. Adams, "A Report for the New York State Joint Legislative Committee on the State's Economy on the Changing Structure of Industrial Employment in New York State," Table I–3.

[7]*CMA Statistical Record*, Exhibit 12.01, p. 10.360.

[8]The 1954 *Census of Manufactures* excluded establishments producing cigars for direct sale on the premises to consumers, whereas the Internal Revenue Service reports all cigar factories it licenses. Thus, the figures on the industry from the two sources do not agree.

[9]Department of Agriculture, *Annual Report on Tobacco Statistics*, 1957, Table 22, p. 49.

[10]*Ibid.*

[11]*Statistical Abstract of the United States*, 1958, p. 226.

[12]*Ibid.*

the demand for cigars. Secondly, increasing competition, resulting from an inability to pass increased costs on to consumers, has caused many firms either to merge or to drop from the business scene completely. Finally, the introduction of more efficient machines under the current rates of production has lessened the need for workers.

New York State's cigar industry has been affected most by these factors because its cigar industry was characterized by small establishments using hand or simple machine methods of production.

An additional factor has contributed to the state's continuing decline in employment. The few companies with large plants are shutting down their operations in New York State and moving to other locations. The most recent example of this occurred when Consolidated Cigar Company closed its Poughkeepsie factory. The reason for these moves is to locate near the sources of supply of tobacco.

Thus, the cigar industry of New York State will probably continue to decline as additional companies merge, are eliminated, or move to tobacco-growing states. There appears to be little prospect for a reversal of these trends within the next few years.

The Malt Liquors Industry

by Carl G. Tiedemann

THE Malt Liquors Industry is classified in the Standard Industrial Classification Manual as number 2082, "Establishments primarily engaged in manufacturing all kinds of malt liquors."[1] This includes beer, ale, porter, stout, and any other type of malt beverage.

New York ranks as one of the most important states in the industry, its share of national production exceeding 13 percent in 1957, surpassed only by Wisconsin.[2] Yet during the period 1947 to 1957 production and employment in New York State declined seriously, as is shown in Table I. During this period, employment declined by 1.439, or 10.9 percent, and production declined by 1,856,379 barrels, or 13.5 percent.

There are three possible reasons for this decline: first, the state and national decline in per capita consumption; second, the effects of technological improvements; third, the results of the westward shift of the population.

The Decline in Per Capita Consumption

The basic problem of the industry at both the state and national levels has been a steady decline in per capita consumption. This has been particularly serious in New York as the data in Table II demonstrate. In New York, per capita consumption dropped 20.4 percent from 1947 to 1957, while the national decline in the same period was 18.0 percent. The national population expansion in this time was 18.8 percent, while New York's increase was only 13.5 percent.[3] The national growth has offset the decline in per capita consumption, but the same cannot be said for New York, where the 20.4 percent decline in per capita consumption has reduced total state consumption, due to the smaller increase in population. However, gross population changes overstate the decline, as will be shown below.

Table I. **Production and Employment of New York State Breweries.**

Year	*Production (Barrels) (a)*	*Employment*	
		Total	*Production Workers*
1947	13,751,429	13,109 (b)	9,027 (d)
1950	12,163,598	12,233 (b)	
1954	12,549,346	12,463 (b)	6,910 (d)
1956	12,001,451	11,828 (b)	
1957	11,895,050	11,670 (c)*	

Sources: (a) *Brewers Almanac, 1958*, p. 12; (b) Leonard P. Adams, "A Report for the New York State Joint Legislative Committee on the State's Economy on the Changing Structure of Industrial Employment in New York State," Table I-3; (c) New York State Department of Labor, Division of Employment, see Adams, Table I-3; (d) U.S. Department of Commerce, Bureau of the Census, *1954 Census of Manufactures, Vol. II, Industry Statistics*, p. 20 G-4.
*Insured Employment.

Table II. **Per Capita Consumption in Gallons.**

Year	*State (a)*	*National*	
		Total Population (a)	*Weighted Beer Drinking Population (b)*
1947	25.5	18.4	25.1
1948	24.1	17.8	24.5
1949	23.5	17.3	23.8
1950	23.1	17.0	23.5
1951	22.1	16.8	23.5
1952	21.9	16.8	23.7
1953	21.7	16.7	23.8
1954	20.5	15.9	22.9
1955	20.9	15.9	23.2
1956	20.5	15.7	23.1
1957	20.3	15.1	22.4

Sources: (a) *Brewers Almanac, 1958*, p. 54; (b) *ibid.*, p. 72.

Much of this decline can be explained by consideration of the last column in Table II. The U.S. Brewers Foundation has prepared these adjusted consumption figures, which indicate that per capita consumption of the weighted beer drinking population declined only 10.8 percent. This is based on the fact that different age groups consume different quantities of beer. The age group 21 to 39 consumes an average of 7.4 glasses of beer per week, per capita; for the 40 to 59 group the average is 6.0 glasses; and for those 60 and over this drops to only 2.8 glasses per week.[4] Since the 20 to 39 age group con-

[1] *Standard Industrial Classification Manual*, 1956, p. 51.
[2] U.S. Brewers Foundation, *Brewers Almanac, 1958*, p. 12.
[3] The population changes were derived from: (a) U.S. Department of Commerce, *Statistical Abstract of the U.S., 1955*, p. 14; (b) *Ibid.*, 1958, p. 10.
[4] *Brewers Almanac, 1958*, p. 72.

sumes the most beer, it is significant that in 1948 this group was 31.3 percent of the population,[5] but by 1957 had declined to 27.1 percent.[6] Thus the relative decline of that segment of the population which consumes the most beer explains part of the decrease.

This is the only specific explanation which can be advanced for the decline. Taxes do not seem to have had an adverse effect. Although the federal tax increased from $8 to $9 on November 1, 1951,[7] New York consumption remained almost constant for 1951 and 1952. The decline did not come about because of competition from other forms of alcoholic beverages, since both distilled spirits and wines showed similar declines.[8] The decline in per capita consumption in New York has resulted in a sizable reduction in production and sales of New York breweries, and this in turn has reduced employment.

Technological Progress

The productivity of production workers has risen greatly, from 1523 barrels per year in 1947, to 1816 barrels in 1957.[9] This occurred despite a shortening of average weekly hours from 42.8 to 36.4 in the same period.[10] This has enabled the breweries to make a substantial reduction in numbers of production employees. The shift from draught to package sales may have accelerated the reduction in employment because it facilitated the introduction of labor-saving machinery. Package sales increased from 50.3 to 65.8 percent of New York sales in the period 1947 to 1957.[11]

Westward Population Expansion

There is one more problem concerning markets to be briefly mentioned and this is the migration of the population to the West. In the Pacific states region, for example, the population increased 37 percent from 1947 to 1957,[12] while consumption increased from 7,603,628 to 8,605,121 barrels.[13] A similar increase appears in other areas which have experienced sizable population expansions. Because of high transportation costs this increase has not benefited eastern breweries, which now have a smaller share of the total market.

Conclusions

We have explored three major problems of the New York Malt Liquors Industry. While the latter two, technological progress and the westward shift of population, have had their effects it must be emphasized that the decline in per capita consumption is where the heart of the problem lies.

The problem of declining per capita consumption has special importance to New York brewers, because future population expansion in this state will probably be slower than in the nation. If the decline in consumption cannot be arrested, the plants in New York face a constantly shrinking market, the eventual result of which would be greatly reduced employment and sales.

[5] *Statistical Abstract, 1949*, p. 9.
[6] *Ibid., 1958*, p. 6.
[7] *Brewers Almanac, 1958*, p. 86.
[8] National Industrial Conference Board, *Brewing and Distilling—Basic Industrial Data*, pp. 16, 22–25.
[9] Derived from Table I.
[10] New York State Department of Labor, Division of Employment, see Adams, Table I–3.
[11] *Brewers Almanac, 1958*, pp. 13–14.
[12] Derived from: (a) *Statistical Abstract, 1955*, p. 14; (b) *Ibid., 1958*, p. 10.
[13] *Brewers Almanac, 1958*, p. 52.

The Dental Equipment and Supplies Industry

by Charles E. Hargrave

SINCE 1947 there has been a decline in employment in several New York State industries.[1] This report investigates one of these, the dental equipment and supplies industry, which is comprised of establishments primarily engaged in manufacturing artificial teeth, dental metals, alloys, and amalgams, and a wide variety of equipment, instruments, and supplies used by dentists, dental laboratories, and dental colleges.[2]

Bureau of Census figures show a national decline in employment in this industry from 9,074 in 1947 to 7,103 in 1954, a 22 percent loss, and to 6,802 in 1956, a 25 percent loss.[3] New York State losses from 1947 to 1954 were 23 percent, and another source indicated the loss through 1956 to be 32 percent.[4]

Increase in Production

There was not, however, a corresponding decrease in production. National figures show an increase of nearly 50 percent from 1947 to 1956 in value of shipments and in value added by manufacture, with the most significant gains being made in recent years.[5] New York State also showed gains through 1954 of 19 percent in value added by manufacture and 2 percent in value of shipments. If the figures were available through 1956 it could be expected that New York State would compare even more favorably.

This increase in production is further substantiated by the annual reports of the Ritter Company and S. S. White Dental Manufacturing Company, two leading dental equipment manufacturers in New York State. Ritter's reports show a steady increase in net sales from 1949 to 1957 with the exception of 1954. White's reports

[1] Leonard P. Adams, "A Report for the New York State Joint Legislative Committee on the State's Economy on the Changing Structure of Industrial Employment in New York State," p. 11.
[2] U.S. Bureau of the Budget, *Standard Industrial Classification Manual, 1957*, p. 116.
[3] U.S. Department of Commerce, *1954 Census of Manufactures*, Vol. 2, Part 2, pp. 38A-4–38A-5; U.S. Department of Commerce, *Annual Survey of Manufactures: 1956*, pp. 30–31, 105.
[4] Adams, Table I–3.
[5] *1954 Census of Manufactures*, Vol. 2, Part 2, pp. 38A-4–38A-5; *Annual Survey of Manufactures: 1956*, pp. 30–31, 105.

show a similar increase with the exception of 1952 and 1954.

The market for dental goods has been increasing. The number (net) of active dentists in the United States increases by about 1800 each year, and each of these dentists needs about $8,000 worth of dental equipment to begin practice. Furthermore, these new dentists must be continually provided with certain expendable supplies. The source of the enlarging dentist population is some 48 dental colleges which have been expanding in recent years.

Dentists have had an ever increasing variety of new products from which to choose.[6] Since 1950, there have been introduced the Airdent unit by S. S. White, the Cavitron ultrasonic device by Cavitron Corporation, and the Bordon Air Rotor by Ritter and White. At the same time, traditional dental goods have been improved and restyled.[7]

Decline in Employment

What are the reasons for the decline in employment? Figures gathered from the *Industrial Directory of New York State, 1949* and *1953* suggest that there was a decline in the number of establishments producing dental equipment within the state. Unionization has brought discipline, reflected in an increased effort by the workers and increased productivity, which may have resulted in decreased employment. Subcontracting of component parts of dental units has eliminated some processes for the dental equipment manufacturers. The increasing use of mass-production methods has enabled the industry to build up large inventories of equipment, thus eliminating the need for an increase in production during the months when students graduate from the dental colleges. And there was a steady increase of imports of dental goods into the United States from 1950 through 1956, with the largest volumes of goods coming from Germany, Austria, and Switzerland.[8] The growing imports even prompted S. S. White to make a statement in 1954 that their sales were down as a result of "the influx of foreign made goods carrying lower selling prices."[9]

Probably the major cause for the decline in employment can be found at the Ritter Company in Rochester. That company alone cut employment from 1,259 workers in 1952 to 873 in 1957. This cut came about through programs that were "instituted to increase efficiency in our operations through improved engineering and budgetary controls."[10] Economy measures were instituted in 1953, and in 1954 profits were up because of budgetary controls.[11] Efficiencies were introduced in the clerical department through the introduction of an IBM daily budgetary control system and the use of Kardex systems. The plant layout was re-engineered with a more steady flow of production as a result. New and different materials were introduced to facilitate production.

Employment has also been cut at S. S. White through the improvement of manufacturing processes and the introduction of production efficiencies. Economies of manufacture were introduced in 1953.[12] In 1956 some of their increased development expenditures went for manufacturing efficiencies.[13]

Future Prospects

And what of the future? As the manufacturing establishments cease to receive any more benefits from their operating economies (the point of diminishing returns), employment is expected to level off. Some statistics indicate that this point may have been reached in 1957, but this could be a result of the recession, so figures for 1958 and subsequent years will be needed to establish this conclusively. The effect of imports has been shaken off, as evidenced by the increased sales and profits, and these imports were declining as of 1957. Some other causes were given for the decline in employment but it is not expected that these will continue to have much effect on the employment level in the state. And even should there be minor reductions in employment in the future, these are not expected to have any serious consequences for the economy of particular areas or for the economy of the state as a whole. This is because such reductions would involve workers who are in the "nonproductive" class. Such workers are the ones who seldom stay long on one job anyway.

As has been shown, the market is expanding, more products are being offered, and the sales are going up. This being the case, the dental equipment and supplies industry is not in any dangerous situation.

[6]"What's New in Dentistry?" *Science Digest*, Vol. 39, February 1956, pp. 29–33.

[7]"Dollars from Dental Goods," *Financial World*, Vol. 109, Feb. 19, 1958, pp. 14, 25.

[8]"U.S. Dental Instruments Imports Up," *Foreign Commerce Weekly*, Vol. 51, May 10, 1954, p. 23.

[9]S. S. White Dental Manufacturing Company, *Annual Report, 1954*.

[10]Ritter Company, *Annual Report, 1956*.

[11]*Ibid, 1953, 1954*.

[12]S. S. White Dental Manufacturing Company, *Annual Report, 1953*.

[13]*Ibid., 1956*.

The Millinery Industry

by Joseph I. Guggenheim

THE millinery industry (women's hats and headwear; Industry 2351, *Standard Industrial Classification Manual)* is not at all similar to most manufacturing industries in the United States. As in the other apparel trades, the individual firms and the entire industry have developed along lines that are completely different from the large basic industries where collective bargaining has been most actively studied by the professional and the layman alike.

The Millinery Factory

The outstanding characteristics of the average millinery shop are its small size, lack of substantial capital equipment, and its over-all instability. The average shop engaged in the manufacture of women's hats employed 23 workers in 1954, but two thirds of all the shops had fewer than 20 workers.[1] These workers are employed in a number of different production crafts, and a few are clerical and shipping personnel.

To start a millinery shop employing a few workers, little capital equipment is necessary. Sewing machines and blocking equipment are most important, but a few other auxiliary tools are also required.[2] The current cost of equipment for a shop of 30 workers is about $10,000.[3] Factory space is usually rented in a small loft. Materials are often purchased after the manufacturer receives an order. With a modest additional sum on hand to meet initial payroll costs, an individual can go in business.[4] Because of the instability of such operations, however, little of the money required can be obtained on credit.[5] Most new firms are started by skilled employees and foremen who have managed to save enough money for this purpose.

Present production methods in most shops are not much different from those of twenty years ago, as a large portion of the operations still require hand work. The typical manufacturer does not have the facilities, ingenuity, or capital necessary to improve efficiency. However, some new and larger shops that utilize assembly-line methods and minimize the use of hand skills have been established outside of the older markets. Increased efficiency and lower costs have enabled these firms to gain a larger share of the market in recent years.[5a]

There is a very high rate of turnover of shops in the market, due to the ease of entry and the unstable conditions caused by intense competition among the hundreds of small shops in the industry. In New York City, where about 75 percent of the factories and almost two thirds of the workers in the industry are located, 160 out of about 600 millinery shops went out of business between 1953 and 1956. During this same period, 105 new shops were opened in the city, only 21 of which had ten or more employees.[6]

[1]U.S. Bureau of the Census, *1954 Census of Manufactures* (Bulletin MC-23D), p. 17.

[2]Bertha M. Nienburg, *Conditions in the Millinery Industry in the United States* (U.S. Dept. of Labor, Women's Bureau, Bulletin No. 169), pp. 23–24.

[3]Estimate of Mr. Murray Zuckerman, Business Agent, Local 24, Millinery Workers Union, Oct. 22, 1957, personal interview.

[4]Nienburg, p. 24.

[5]Statement of Miss Dorothy Wessler, Business Agent, Local 24, Millinery Workers Union, Oct. 28, 1957, personal interview.

[5a]Statement of Mr. Gerald Coleman, executive secretary, United Hatters, Cap and Millinery Workers' International Union, Oct. 23, 1957, personal interview.

[6]Hatters, Cap and Millinery Workers' International Union, United, *Report of the General Officers to the Ninth Convention*, June 5, 1956, p. 97.

Competition

The millinery industry is noted for the excessive amount of competition that exists among the manufacturers in the industry. There are several reasons for this competition.

The presence of a very large number of small shops is one of the major factors. This is partly due to the ease of entrance into the industry. Another important influence leading to intense competition is the strategic role that style plays in the industry. Millinery is a high-fashion industry, and the styles of millinery that are popular change from season to season along with other items of women's apparel. The ability to adapt to style trends is one of the most important factors affecting success or failure in the industry. Furthermore, the styles that are popular in the higher price ranges are easily copied and produced for sale at lower prices. The style and appearance of the hats are much the same, but they differ in material and workmanship.[7] Most manufacturers thus face the problem of having their successful styles copied and produced for sale at a lower wholesale price.[8] Because this can be accomplished fairly easily, there is a large degree of market competition between hats selling at different retail prices. As a result, many manufacturers have started producing for a number of different price lines instead of adhering to the former practice of producing only for one price level.[9]

An important problem that has drawn much attention from many quarters in the millinery industry concerns the competitive position of the manufacturer. Both in selling his product and in buying his materials and supplies, the small millinery manufacturer deals with firms that are much less competitive and can wield a large degree of power in the market.[10] The supply men and the hat body importers have a large advantage when they sell to the millinery firm, and this imbalance is even more pronounced when the manufacturer sells to the wholesale jobbers, millinery chain stores, and the syndicates that dominate the retail end of the industry.

The activities of the millinery syndicates have been in the center of this controversy. These are firms which lease millinery departments in department stores or specialty shops, and sell hats under the name of the store, although they buy at wholesale under their own names. These syndicates have grown in recent years to the point where a relatively small number control a very large part of millinery sales in the country. One estimate has it that 7 or 8 syndicates control 70 to 80 percent of the sales in the industry.[11] They create problems for the manufac-

[7]Statement of Mr. Nathaniel Spector, Manager, Millinery Workers Joint Board, Oct. 22, 1957, personal interview.

[8]Coleman, personal interview.

[9]Wessler, personal interview.

[10]Paul F. Brissenden and John M. Keating, "Union-Management Cooperation in Millinery Manufacturing in the New York Metropolitan Area," *Industrial and Labor Relations Review*, Vol. 2, No. 1 (October 1948), p. 6.

[11]Coleman, personal interview.

turer because of the large degree of buying power that they hold. They utilize this power in a number of different ways to gain a price advantage in buying, and then have the ability to sell the hats at retail at non-competitive prices. One industry official claimed that the higher prices that result discourage hat buying, and are one cause of the decline in hat sales in recent years.[12]

Location and Unionization of the Industry

Millinery employment in the United States is largely concentrated in the Northeast section of the country, with most other workers located in some of the larger cities in the Midwest, South, and Far West. In 1947 and in 1954 about 60 percent of the employees in the industry were located in the garment center of New York City. Table I gives an estimate of peak seasonal employment in the millinery manufacturing locations throughout the country in the latter part of 1957. The extent of unionization as of this date is also indicated for each area.

Table I. **Estimated Employment and Unionization in the Millinery Industry, 1957.**

Location	*Number of Production Workers*		
	Total	*Represented by Union*	*Nonunion*
New York City area	11,000	10,750	250
Massachusetts	2,200	2,000	200
Chicago	800	740	60
St. Louis	450	400	50
Buffalo	350	350	—
Dallas	350	—	350
Philadelphia	300	300	—
Baltimore	250	250	—
South	400	250	150
California	300	100	200
Midwest	150	75	75
Atlantic states[a]	400	350	50
Total	16,950	15,565	1,385
Percent of total	100.0	91.8	8.2

Source: Unofficial estimates of employment provided by Mr. Gerald Coleman, executive secretary, United Hatters, Cap and Millinery Workers' International Union.

Estimates on the extent of unionization were derived by the author from information in various issues of *The Hat Worker*, and from an interview with Mr. Coleman.

[a]Pennsylvania (outside Philadelphia), upstate New York, New Jersey.

The market for millinery is primarily nationwide, as the products of New York and other markets are shipped to many different sections of the country.[13] Location of the firm is important because competition often hinges on differences in production costs, which to some extent are a function of the location of the millinery firm.

Closely related to location is the extent of unionization of the various millinery centers. Unionization has an important effect on labor cost, which is perhaps the most important element in total costs because it is highly variable in relation to the other more stable costs of production.[14] Total labor costs for all employees added up to about 37 percent of sales for all of the industry in 1954, while in the New York market in 1948 labor costs were about 28 percent of sales, and about 31 percent of total costs. Although labor costs fluctuate between years and between various sectors of the industry, they are high in relation to labor costs in other industries.[15]

Seasonality

Characteristic of millinery operations are the extreme seasonal fluctuations in production and employment. There are important month-to-month changes in employment, hours worked per week, hourly earnings, and number of hats produced.

The cause of these conditions is the basic nature of the industry and the product. The demand for women's hats is concentrated in two periods during the year: in the spring just before Easter, and in the fall. Style is a very important factor leading to seasonality, because extreme changes here mean that production for any given season must be in line with styles that are demanded at that particular time. Since quick changes in style are possible, hats cannot be produced the year round and are manufactured just before the retail seasons in order to keep up with the prevailing fashions.[16] Furthermore, the retail merchants prefer to test styles against the desires of consumers.[17] All this produces a rush of orders around the peak retail seasons in the spring and the fall. During these months, total employment, average hours worked, and hourly earnings all increase substantially, and in the off season, business is slow and a substantial segment of the work force is unemployed.

Seasonal movements within the millinery industry are extreme. Employment requirements differ to such a large extent that about 60 percent of the manpower utilized in the busiest month is idle in the slowest month in the New York City market.[18] Conditions are slightly better in the out-of-town markets, but the nature of the industry also creates large fluctuations in employment in these other areas.

Demand for the Product

Perhaps the greatest problem facing the millinery industry in the past twenty years has been the decline in the demand for women's hats. Progress in the industry

[12]Statement of employer's association official, Oct. 24, 1957, personal interview.

[13]Conclusion based on statements made in personal interviews by various union and employer officials, and from articles in union publications.

[14]Coleman, personal interview.

[15]Millinery Stabilization Commission, *Fifth Report of the Millinery Stabilization Commission, 1951*, p. 40, and U.S. Bureau of the Census, *1954 Census of Manufactures* (Bulletin MC-23D), p. 7. The figure for labor costs as a percent of sales for millinery (37 percent in 1954), compares with 7 percent in petroleum refining, 33 percent in men's suits and coats manufacturing, 74 percent for contract shops in the dress industry, and 27 percent for the 100 largest nonfinancial corporations in the country. *1954 Census of Manufactures: Economic Almanac, 1956*, p. 305.

[16]Brissenden, pp. 6–7.

[17]Nienburg, p. 2.

[18]Derived from analysis of seasonal changes in employment and average weekly hours worked in the author's Master's thesis, *Wage Determination in the Millinery Industry*.

has been impeded by the fact that the mode of dress of women has been undergoing a long-run change which involves a decrease in the use of the hat. The trend in clothing over this period has been toward more casual, more comfortable dress, and millinery does not fit into this style scheme. In contrast, twenty to thirty years ago women would very seldom go outdoors without wearing a hat, which at that time was a standard item in every woman's wardrobe. The decline in millinery is part of the general decline in many soft goods industries, especially textiles and apparel. The data in Table II show the extent of the decline in millinery.

Table II. **Employment and Output in the Millinery Industry, 1939, 1947 and 1954.**

Year	*(1) Total Employment*	*(2) Dollar Volume Products Shipped ($000's)*	*(3) Wholesale Price, Apparel 1939=100*	*(4) Physical Volume* 1939=100 (2 ÷ 3)*
1939	29,260	$105.6	100.0	100.0
1947	20,893	177.5	165.4	101.6
Percent change 1939 to 1947	−28.6	+68.1	+65.4	+1.6
1954	20,235	173.1	160.9	101.9
Percent change 1939 to 1954	−30.8	+63.9	+60.9	+1.9

Source: (1) & (2), U.S. Bureau of the Census, *1954 Census of Manufactures*, Bulletin MC-23D, p. 4; (3) Economic Statistics Bureau of Washington, D.C., *Handbook of Basic Economic Statistics*, Vol. XI, No. 10, Oct. 15, 1957, pp. 117, 125.

*Physical volume is dollar volume adjusted for changes in price. Since there are no data available on the wholesale prices of millinery, the assumption was made that millinery price changes are similar to over-all apparel price changes. Therefore, the apparel component of the Wholesale Price Index was used to deflate dollar volume to physical volume.

From 1939 to 1954, employment in the industry declined by a little over 30 percent. Most of this drop occurred by 1947, and since that year there has been a slight secular decline. Dollar volume increased about two thirds from 1939 to 1947, but most of this was due to higher price levels. From 1947 to 1954, dollar volume has decreased slightly. A measure of physical volume, however, shows very little change in output since 1939. From that year to 1954, physical volume has increased about 2 percent. Since employment has largely declined, the steady level of output from 1939 to 1947 might have been due to increases in productivity between those years. The picture in millinery appears even gloomier when output and employment are considered in relation to the large increases in population and to the productive levels that the economy has reached since 1939. Considered on a per capita basis in relation to other manufactured items, the millinery industry clearly seems to be in the midst of a long-run decline. The leaders of the industry and the union recognize this threat to their interests and are taking some measures that they hope will counteract this trend. They want the industry to share in the general prosperity that has occurred in the past twenty years and seems likely to continue into the future.

Movements in Wages

Average hourly earnings of millinery workers have improved very little since 1947. There has been no consistent upward movement in earnings, and data for 1955 show hourly earnings at that time to have been lower than in all but one of the preceding years in the 1950's. While millinery earnings have increased in one year and decreased the next, earnings in all apparel industries, while not as high as those in millinery, have increased 20 percent between 1947 and 1955. Millinery earnings have shown a net increase of only 8 percent between those two years. This increase has not been substantial enough to offset increases in the cost of living, and as a result real wages in 1955 provided only 90 percent of the purchasing power of hourly earnings in 1947.

As a result, the relative attractiveness of millinery employment has deteriorated in recent years. This is due to the fact that earnings have not increased sufficiently to offset the attractiveness and increased earnings in white collar and other occupations that compete with millinery for labor. For this reason, the new workers coming into the industry in New York City have mainly been Spanish-speaking people, mainly Puerto Ricans, who are new arrivals in this country. They are able to occupy fairly easily some of the semi-skilled and low skilled positions, especially on work that does not require hand operations, and they are willing to work on these lower paying jobs. These new workers are suited to the new methods that have replaced some of the standard trimming operations. However, the movement of these new workers to other industries has become a problem to the employer, since these workers have a tendency to move on, once they have been laid off due to seasonal fluctuations in production.[19]

An over-all examination of earnings and productivity paints a bleak picture of the present and future status of the industry, although more current data would at least show some improvement in the hourly earnings picture. Analysis of the data clearly demonstrates that both the worker and the employer have suffered during the last ten years.

The Marginal Firm

The millinery industry is notorious for the number of firms which fail in business or which do not make any substantial profits over a period of time. The reasons why these "marginal firms" run into difficulty shed some light on the general problems faced by all millinery employers.

A study of the practices of the marginal firms made in the late 1930's is still relevant.[20] In comparing the methods of successful manufacturers with the practices of marginal firms, it was found that the profitable firms styled their hats properly, were able to keep up with style changes, and spent more money for the blocks and dies

[19]Wessler, personal interview.

[20]Millinery Stabilization Commission, *The Economic Condition of the Millinery Manufacturing Industry in the New York Metropolitan Area*, 1935–1936 (Economic Condition Report).

needed for the different styles. They maintained a standard selling price and a uniform discount on sales at all times. The profitable manufacturers used less material or cheaper materials and, very important, reduced their labor costs by applying less labor to each hat through more careful supervision and more effective application of labor. On the other hand, the marginal firms spent more money on materials, utilized more and less effective labor, and permitted buyers to push down their selling prices when they were low on orders.

The result of all this was lower production costs for the successful firms. The money saved on production costs was used in sales and promotion work, including traveling and advertising, which resulted in a greater volume of sales. The Economic Condition Report succinctly summarized the difficulty of some of the firms in millinery:

> But, by and large, it seems to be true that the chief enemy of the millinery manufacturer is himself. More precisely the chief obstacle to profitable results is poor management, insufficient attention to such items as administrative and selling costs, lack of sustained effort in the direction of economy on overhead, utilization of labor, and the buying and use of raw materials.[21]

Some of the more current opinion on the causes of failure in millinery emphasizes inadequate financing and insufficient capital to get through periods of slack season,[22] inability to keep up with style changes, and pressures exerted by large buyers on manufacturers to lower wholesale prices in order to obtain orders.[23]

The Nature of Union-Employer Relationships

The relationship between the United Hatters, Cap and Millinery Workers' International Union and employers and employer associations in the millinery industry has been characterized by harmonious and cooperative relations in many different areas of activity. Basically, this has resulted because the parties accept each other, not only as permanent institutions dealing with problems of industrial relations but also as partners who can work together to attack the serious problems facing the industry.

The union has entered many areas of activity that employers in other industries would regard as inviolable managerial prerogatives. These activities include cooperation in advertising and hat promotion, stabilizing competitive conditions, financial assistance to manufacturers, and representing the industry before the government. This is accepted in millinery because the union is recognized as an important stabilizing force among the multitude of small employers. Only with the resources of the union can the industry mobilize to attack these problems.

In handling wage questions, the union in the past has developed a harmonious relationship with employers and has given much consideration to the problems of the industry when contract negotiations take place. There was, however, some deviation from this attitude on the part of the union in the negotiations in 1958. After a period of many years in which there was little strike activity in the major markets, the union called an industry-wide strike in order to obtain substantial wage increases.

Problems and Frontiers for the Union and Employers in the Millinery Industry

For both the millinery union and the numerous millinery manufacturers, the future years constitute a period of both serious problems and challenging opportunities in the industry. The problems stem from the serious economic situation that shows little sign of immediate improvement. The opportunities lie largely in the field of union-management cooperation for the purposes of increasing profits, employment, and wages in line with the long-run improvement inherent in the nation's economy.

The most important problem, and consequently the area of action posing the greatest challenge to the parties, is the question of the long-run demand for the products of the industry. This area is the key to the other problems facing the industry, for if little can be done here, the opportunity for improvement in other areas is not very great.

The sales of millinery have changed little in the last twenty years, largely due to the trend toward "hatlessness" on the part of the female population. Both union and management are presently working together in this area through an industry-wide promotional agency created in 1955. Although a considerable amount of money has been spent to stimulate purchases in millinery and to reverse the current style trends, it is difficult to gauge the results of this work in such a short time. It is reasonable to assume, however, that much more can and will be done along these lines, whether it entails more expenditures, or new approaches to the problem, or both.

The excessive competition among manufacturers of millinery poses a second threat to the economic well-being of the industry. The challenge here lies in attacking the basic causes of this condition, which basically are the large number of small employers and the economic power of the suppliers and the customers of the manufacturers.

The problem of the small employer can be approached by developing a movement toward the introduction of larger firms into the market. The union has talked about encouraging mergers on the part of the smaller firms, but little has been done in this area. What seems to be needed is the development of new and improved pro-

[21] *Ibid.*, p. 16.

[22] Hatters, Cap and Millinery Workers' International Union, United, *Report of Proceedings of the Seventh Convention of the United Hatters, Cap and Millinery Workers' International Union, May 2–5, 1950*, p. 30.

[23] Coleman, personal interview.

duction techniques that would provide the larger employer with a significant cost advantage over his competitors and thus create an incentive for both the entry of larger firms and the consolidation of the existing small shops in the industry.

The problem of the economic power of the retail syndicates, wholesale outlets, and material suppliers has been discussed in the industry for many years. The cure to this situation would seem to lie in the development of a consolidated position among all of the manufacturers, the maintenance of uniform conditions of sale, and the elimination of "sharp practices" on the part of some firms in the industry. This can only be accomplished with the aid of a strong association of employers throughout the industry which has the power to prescribe and enforce the measures necessary to attain this objective. The first step in this direction was taken with the formation of the National Planning Board for the Millinery Industry, in which the union will also participate. Since the organization was just formed in 1957, it has not yet had the opportunity to take any important action.

Another important step to reduce competition in the industry could be taken in the field of wage determination. The conclusion of a national labor agreement, covering all of the employers in the industry, would do much to eliminate competition on the basis of wage rates and labor costs, which is an important factor in the industry's problems.

Stabilization of labor costs is also important at the market level, where the process of setting piece rates in the shop is a vital element. To accomplish this, either centralized control or coordination of piece-rate settlements would be required. One line of action might be the extension of the market-wide price lists now in use in one important occupation. They might become more inclusive in the operations they cover, so that they could serve as the primary criterion in piece-rate determination. While this objective entails some difficult problems, there seems to be some opportunity for improvement along these lines in the near future.

Basic improvements in production methods in the average size shop would do much to improve the economic returns to both workers and employers. One of the reasons why profits and wages in millinery have not kept pace with those in the rest of the economy is the lack of substantial technological innovations in the industry. Improved methods would also cut down on the rate of business failures in the industry. This is one line of endeavor that the union and the employers in millinery have not engaged in, although research and consultation activities of this nature have been undertaken in other similar industries.

The final problem that both the union and the employers might attack concerns the stability of employment opportunities in the industry. A high rate of unemployment is characteristic of millinery manufacturing due to the highly seasonal nature of the industry. This stems from the seasonal nature of the demand for the product, and the importance of the style factor.

Under the terms of the 1958 agreement, the union and the employers will look into the feasibility of guaranteed earnings as one means of alleviating the effects of seasonal unemployment. It is possible, however, that some means could be found to even out production during the twelve months of the year, and thus remedy the basic problem. Some measures that could be examined in this regard are the introduction of new product lines that could be marketed in the off seasons, earlier anticipation of style trends, and earlier placement of orders with the manufacturers.

At present, the future of the millinery industry does not look bright. But problems of greater importance have been solved in this progressing world, and some deep thinking and re-evaluation, along with a good deal of hard work, might result in the solutions for which the millinery industry is searching.

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